

Health Care Eligible Expenses



Open a Flexible Spending Account

The list of eligible health care expenses is updated frequently by the Internal Revenue Service. If you are uncertain about whether or not an item or service qualifies for reimbursement, you should determine expense eligibility before making the purchase by calling the ADP Solution Center. You may only claim eligible expenses, co-pays and deductibles that are not covered by your insurance or any other plan.

General Expenses:

- Medical plan deductibles
- Medical plan co-payments
- Dental expenses
- Orthodontia expenses
- Vision care expenses: exams, glasses, contact lenses and lens maintenance solutions, laser eye surgery
- Routine checkups and physicals
- Routine medical foot care
- Cosmetic surgery (medically necessary)
- Private duty nursing services
- Well baby care and immunizations
- Tobacco cessation programs (physician prescribed)
- Occupational/physical therapy
- Chiropractor expenses for medical care
- Infertility treatments
- Psychology and psychoanalysis
- Weight-loss program (medically necessary)
- Speech therapy

Equipment & Supplies:

- Back support devices
- Specialized apparatuses for the sick/physically disabled
- Orthopedic shoes
- Special mattress (medically necessary)
- Repair of special phone equipment for the deaf
- Hearing aids and batteries

Medical Treatments:

- Acupuncture or related procedures when treating a medical condition
- Sterilization (reproductive)
- Whirlpool baths (medically necessary)
- Prescription drugs
- Over-the-counter drugs and medicines (qualified)

Miscellaneous Items:

- Braille books
- Convalescent home (for medical treatment only)
- Reading therapy for dyslexic child
- Guide dog and its maintenance
- Select educational costs for physically and cognitively handicapped children



The Value of a Flexible Spending Account

A Health Care Flexible Spending Account (FSA) allows you to pay for essential health care expenses that are not covered, or are partially covered, by your medical, dental and vision insurance plans. By contributing a portion of your payroll dollars into your Health Care FSA on a pre-tax basis, you can save 20% to 40% on the cost of eligible health care items and services. You may also use your FSA contributions to pay for deductibles, co-payment amounts and eligible expenses for which you have no coverage at all.

Reduce your essential health care expenses by 20% to 40%

Medical, dental and vision plans typically share the expense of health care with the insured. An FSA allows you to pay any plan deductibles and co-payments in a tax advantaged manner. Your actual savings will be based on your individual tax rate. FSA contributions are exempt from Federal income tax, Social Security taxes (FICA) and Michigan state income tax. This special tax status for FSA contributions is the mechanism that allows you to save money on the health care expenses you must pay for yourself.

It's All Yours

There is no cost to you to have and use a Health Care Flexible Spending Account...no setup fee, no hidden fees. *A special advantage of a Health Care FSA is immediate access to your entire annual election amount from the first day of the benefit year, before all scheduled contributions have been made.*

Plan Your Contributions

The key to getting the most from your FSA is to maximize your contributions based on your anticipated eligible expenses. To plan your contributions, follow these simple steps:

- Review the list of eligible expenses.
- Review your health care expenses from last year.
- Write down any new eligible expenses you anticipate in the new benefit plan year (for example, prescription eyeglasses, new medications, scheduled surgery, dental or vision co-pays, orthodontia, etc.).

Just consider for a moment the savings...20% to 40% less out of your pocket on things you have to pay for anyway!

- Be sure to include plan deductibles and/or co-pays, or some portion of them. Do not include your insurance premiums as they are not eligible.
- Estimate your cost for each of these uncovered or partially covered eligible expenses. The total of your individual estimates from above is about what you should contribute to your FSA.

It is important to remember that an FSA is not a savings account. IRS regulations state that any amounts remaining in your account after the deadline for submission of reimbursement claims must be forfeited. For this reason, you should calculate your anticipated expenses carefully.

- **Save 20% to 40% on your health care expenses**
- **Save on purchases not covered by your insurance**
- **Reduce your income taxes**
- **Fund your account with simple paycheck deductions**



Note: \$5,000 is the annual maximum contribution per employee to a Health Care FSA. Your minimum contribution is \$2.00

You cannot change your annual contributions during the plan year unless you have an eligible family status change, so plan to contribute what you expect to be able to spend on eligible expenses within the benefit plan year.

Coverage Eligibility

You may enroll in your employer’s Health Care FSA plan even if you receive health care insurance through your spouse’s employer. And *your* FSA may be used for eligible expenses for all of your qualified dependents. Please remember you must actively re-enroll each year in your Health Care FSA plan, and you may change your annual contribution during annual enrollment.

Purchasing with Pre-Tax Dollars

The below examples assume a net tax rate of 30%. Your personal tax rate may be greater or less.

	Price	–	Net Cost	=	Tax Savings
Family Deductible	\$400		\$280		\$120
Eyeglasses (2 pair)	\$400		\$280		\$120
Prescription Co-Payments (annual)	\$200		\$140		\$60
Laser Eye Surgery	\$1,200		\$840		\$360
Orthodontia	\$5,000		\$3,500		\$1,500
and many others...					

The annual maximum contribution per employee to the Health Care FSA is \$5,000



Opening Your Account

It’s as simple as 1-2-3 to begin contributing to your new Health Care FSA Account.

- 1 Plan your contributions.**
- 2 Complete your enrollment online in MI HR Self-Service at www.michigan.gov/selfserv or by phone through the MI HR Service Center
Lansing Area:(517) 335-0529
Toll Free: (877) 766-6447
TDD: (517) 241-8046.**
- 3 Watch for your confirmation statement from ADP in December.**

Your payroll contributions to your new FSA account will begin on your first pay date in January.